

MANUFACTURING EXTENSION PARTNERSHIP

Success Stories from the Field

PRODESCO INC

Delaware Valley Industrial Resource Center

Prodesco Establishes Purchasing Controls To Reduce Costs

Client Profile:

Prodesco, established in 1942, designs, develops, manufactures, and supplies engineered fabric and cloth to the industrial, aerospace, and medical industries. Utilizing specialized textile manufacturing procedures, Prodesco has become a vital part of the customer-base engineering industry. Since 1960, Prodesco has manufactured apparatus for OEM Class III implants, vascular grafts, meshes, adhesion barriers, heart valve fabric, and stents, following strict GMP standards. Located in Perkasio, Pennsylvania, the company employs less than 100 people.

Situation:

Prodesco's purchasing procedures didn't meet the needs of a fast-paced manufacturing operation, nor did they adequately control costs. Prodesco contacted the Delaware Valley Industrial Resource Center (DVIRC), a NIST MEP network affiliate, for help developing processes that would curtail wasteful and inefficient activities within the purchasing system.

Solution:

DVIRC assessed Prodesco's purchasing system and recommended the company take several corrective actions. First, Prodesco needed to designate certain employees as purchasing agents. These agents are held responsible for the training of internal buyers and for their compliance to the system. Secondly, the company needed to establish reasonable, concrete limits for purchases. Rather than create blanket purchase orders, DVIRC advised Prodesco to keep open accounts and an approved buyer's list. DVIRC helped Prodesco establish, document, and communicate clear rules for purchasing. Purchasing agents monitor activity and maintain controls. As a result, the company has seen a dramatic reduction in costs for inventory, materials, and labor.

Results:

- Saving \$25,000 in labor costs.
- Saving \$30,000 in material costs.
- Saving \$300,000 in inventory costs.
- Streamlined procured part numbers.
- Created a stronger negotiating position.

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Testimonial:

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